

STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL SERVICES DIVISION
P. O. BOX 942850
Sacramento, CA 94250-5878

DATE: July 25, 2017

PAYROLL LETTER #17-012
(Civil Service Only)

TO: All Agencies in the Uniform State Payroll System

FROM: Debra Spellman, Chief
Personnel/Payroll Services Division**RE: 2017 EXCLUDED EMPLOYEE LEAVE BUY-BACK PROGRAM ENHANCEMENT-
UPDATE**

This Payroll Letter provides information on the process regarding payments for the 2017 Excluded Employee Leave Buy-Back Program Enhancement. This letter supersedes previously issued Payroll Letter #17-007. For details of this program, please reference CalHR's Online Human Resources Manual Section 2104 <http://hrmanual.calhr.ca.gov/Home/ManualItem/2104>.

Departments electing to participate in the 2017 Excluded Employee Leave Buy-Back Program Enhancement were notified via email on Friday, July 14, 2017 to submit payment requests using the attached spreadsheet. The spreadsheets were to be returned to PPSD by close of business Tuesday, July 18, 2017. Per CalHR, payments must be charged to fiscal year 2016-17; therefore, payments will be issued in the June 2017 pay period and issue dated in July.

The 2017 Excluded Employee Leave Buy-Back payments transferred to Savings Plus are based on the employee's hourly or daily salary rate multiplied by the number of buy-back hours/units.

For employees that receive pay differentials each pay differential should be reviewed. If the pay differential indicates "yes" to "lump sum vacation" or "lump sum extra" the pay differential amount shall be included when calculating the eligible employee's hourly or daily salary rate for purposes of the buy-back. If the employee participates in the Voluntary Personal Leave Program (VPLP), the VPLP amount must be included when calculating the hourly or daily rate for purposes of the buy-back.

TAXES

The 2017 Excluded Employee Leave Buy-Back payments transferred to Savings Plus are subject to federal and state income tax withholdings where applicable. Payments are also subject to Social Security and Medicare tax withholdings where applicable. The 2017 Excluded Employee Leave Buy-Back payments transferred to Savings Plus are NOT subject to retirement. The tax rates are as follows:

25% Federal Tax (flat rate)
6.6% State Tax (flat rate)
6.2% Social Security (if applicable)
1.45% Medicare (if applicable) **OR**
2.35% Medicare for wages over \$200,000 (if applicable)

PROCESSING PAYMENTS FOR TRANSFER TO SAVINGS PLUS ENHANCEMENT OPTION

Processing these payments via the PIP System is not available to departments. Please submit the spreadsheet referenced above.

CALIFORNIA LEAVE ACCOUNTING SYSTEM (CLAS) USERS

Reference Leave Accounting Letters 17-001, 17-003, and 17-004

http://www.sco.ca.gov/ppsd_leave_acct_letters_2017.html to update CLAS leave records. Leave records, specific to this program, must be updated to reflect a zero balance.

Note: The payments will not reflect hours or days paid. Payments will reflect a minimal net amount and a deduction code (029-401, 029-547, 075-010, or 075-011) will show the amount that will be transferred to Saving Plus on the payroll outputs (i.e., warrant register, Payment History (HIST)).

Employees may see a small net amount of pay issue due to the current manual process. For additional information refer to the FAQs at <http://www.sco.ca.gov/Files-PPSD/FAQ%202017%20Excluded%20Employee%20Leave%20Buy-Back%20Program%20Enhancement.pdf>

Please direct questions regarding Leave Buy-Back payments to the Customer Contact Center at (916) 372-7200 and select #2 for Civil Service, then select #2 for Payroll, then #3 for All Other Payroll Questions. Questions regarding CLAS should be directed to the CLAS Liaison at (916) 327-0756.

DS:LD:SACS